

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended with modest gains last Friday; benefitting from their safe-appeal status following bouts of volatility from equities. The curve ended lower with both the the UST 2Y and much-watched 10Y edging 1bps lower compared to prior day's close; at 0.13% and 0.67% respectively. Separately, the Labor Department revealed a slight increase i.e. 0.4% in consumer prices for August following two prior successive advances of 0.6%. The market seemed relieved with earlier UST supply concerns of \$108b even as producer and inflation data rose more than expected. Bond traders are likely to concentrate on the upcoming Fed's monetary policy decision this Wednesday with expectations for further commitment to maintain rates at the near zero-range for some time to come.

MGS/GIII

- Local govies saw investors generally sidelined following BNM's decision to stay pat on the OPR. Overall benchmark yields ended mostly higher between 0-8bps amid a slump in secondary market volume of RM2.94b. The benchmark 5Y MGS 9/25 yields spiked again albeit by a smaller 3bps move to 2.15% whilst the 10Y MGS 8/29 yields edged 1bps up at 2.62%. Interest was mainly seen in the shorter-end off-the-runs 20-22's, 27's and also benchmark 5Y and 7Y MGSGII. GII bond trades maintained a tepid ~18% of overall trades. FTSE Russell's announcement of its decision on Malaysia's weightage of sovereign bonds in its WGBI on 24th Sep will be the next event risk for now. Meanwhile, investors await the upcoming announcement of the 30Y GII auction scheduled this week whilst taking cognizance of the fact that there are no scheduled economic events on the local front this week.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space continued to witness subdued activity on Friday amid secondary market volume of RM245m with transactions seen in 23 various bonds. Overall yields closed mostly mixed-to-lower with interest mainly centred in the AAA to single-A part of the curve. The sole Govt-guaranteed trade consisted of PTPTN 11/28 which closed unchanged compared to previous done levels at 2.69%. AAA-rated TELEKOM 21 and 24 ended between 15-23bps lower at 2.11% and 2.39% each. The AA-space saw toll-operator DUKE3 bonds dominate the space with 2032-2036 tranches notching total RM60m in nominal amounts. The 8/33, 8/35 and 8/36 bonds closed unchanged at 4.59-86% levels save for the 8/32 tranche which edged 1bps lower at 4.51%. The banking space saw AFFIN Islamic perp 2117NC ?? spike 24bps instead at 4.26%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.13	-1
5-yr UST	0.25	-2
10-yr UST	0.67	-1
30-yr UST	1.41	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.92	0	1.95	2
5-yr	2.15	3	2.10	8
7-yr	2.43	3	2.34	0
10-yr	2.62	1	2.60	3
15-yr	3.09	-2	3.15	5
20-yr	3.46	1	3.48	5
30-yr	3.76	8	3.65	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.99	1
3-yr	2.05	3
5-yr	2.23	0
7-yr	2.38	-2
10-yr	2.68	1

Source : Bloomberg

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 10/20	1.739	488	1.729	10/09/2020	1
MGS 07/21	1.710	301	1.709	10/09/2020	0
MGS 09/21	1.775	1	1.760	10/09/2020	1
MGS 11/21	1.743	166	1.735	10/09/2020	1
MGS 03/22	1.867	315	1.730	10/09/2020	14
MGS 08/22	1.840	22	1.787	10/09/2020	5
MGS 09/22	1.873	20	1.866	10/09/2020	1
MGS 03/23	1.916	101	1.916	10/09/2020	0
MGS 04/23	1.950	118	1.881	10/09/2020	7
MGS 06/24	2.029	60	2.038	10/09/2020	-1
MGS 09/24	2.088	51	2.063	10/09/2020	2
MGS 03/25	2.100	2	2.085	08/09/2020	2
MGS 09/25	2.151	75	2.123	10/09/2020	3
MGS 04/26	2.246	4	2.190	10/09/2020	6
MGS 07/26	2.270	69	2.225	10/09/2020	4
MGS 11/26	2.342	4	2.255	09/09/2020	9
MGS 05/27	2.429	37	2.398	10/09/2020	3
MGS 11/27	2.480	253	2.446	10/09/2020	3
MGS 06/28	2.572	4	2.530	10/09/2020	4
MGS 08/29	2.619	116	2.606	10/09/2020	1
MGS 04/30	2.699	16	2.712	10/09/2020	-1
MGS 06/31	2.833	5	2.736	10/09/2020	10
MGS 04/33	3.133	17	3.109	10/09/2020	2
MGS 11/33	3.156	4	3.172	10/09/2020	-2
MGS 07/34	3.093	77	3.102	10/09/2020	-1
MGS 05/35	3.324	1	3.262	10/09/2020	6
MGS 04/37	3.418	2	3.410	10/09/2020	1
MGS 06/38	3.600	36	3.425	09/09/2020	18
MGS 05/40	3.459	22	3.447	10/09/2020	1
MGS 07/48	3.886	8	3.806	10/09/2020	8
GII 03/22	1.864	50	1.744	09/09/2020	12
GII 04/22	1.850	64	1.739	08/09/2020	11
GII 05/23	1.951	31	1.934	10/09/2020	2
GII 11/23	1.969	1	1.986	10/09/2020	-2
GII 10/24	2.095	213	2.023	10/09/2020	7
GII 08/25	2.168	1	2.133	09/09/2020	4
GII 10/28	2.623	90	2.649	10/09/2020	-3
GII 12/28	2.625	40	2.609	08/09/2020	2
GII 07/29	2.598	4	2.622	10/09/2020	-2
GII 09/30	2.701	40	2.547	02/09/2020	15
GII 10/30	2.603	1	2.571	10/09/2020	3
GII 11/34	3.152	1	3.106	10/09/2020	5
GII 09/39	3.483	1	3.436	09/09/2020	5
		<u>2935</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
Prasarana Malaysia Berhad	11/28	GG	2.690	15	2.687	03/08/2020	0	16
Cagamas Berhad	11/20	AAA	1.907	15	1.973	06/08/2020	-7	16
Cagamas Berhad	11/20	AAA	1.894	20	2.001	04/08/2020	-11	15
Telekom Malaysia Berhad	09/21	AAA	2.110	20	2.264	20/07/2020	-15	37
Telekom Malaysia Berhad	06/24	AAA	2.389	10	2.616	08/07/2020	-23	33
Malayan Banking Berhad	10/25	AA1	2.278	25	2.436	07/08/2020	-16	14
YTL Corporation Berhad	07/30	AA1	3.550	16	3.519	04/09/2020	3	93
Kimanis Power Sdn Berhad	08/21	AA-	2.669	2	3.786	09/08/2019	-112	93
Malaysian Resources Corporation Berhad	08/23	AA-	3.576	2	3.577	09/09/2020	0	165
WCT Holdings Berhad	02/25	AA-	3.672	6	4.514	17/09/2019	-84	161
WCT Holdings Berhad	04/26	AA-	3.818	8	4.252	26/06/2020	-43	150
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/33	AA-	4.590	20	4.591	09/09/2020	0	149
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/35	AA-	4.767	10	4.769	09/09/2020	0	167
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/36	AA-	4.861	10	4.862	08/09/2020	0	176
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/32	AA-	4.511	20	4.520	04/08/2020	-1	189
Affin Bank Berhad	02/27	A1	2.630	1	2.678	10/09/2020	-5	31
Bank Muamalat Malaysia Berhad	06/26	A3	3.949	13	3.955	09/09/2020	-1	163
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	3.986	11	3.651	25/08/2020	34	137
Affin Islamic Bank Berhad	10/17	A3	4.255	10	4.020	14/08/2020	24	79
Bank Muamalat Malaysia Berhad	11/21	A	3.845	3	3.385	21/07/2020	46	210
WCT Holdings Berhad	09/19	A	5.105	1	5.312	03/03/2020	-21	164
DRB-Hicom Berhad	08/25	A+	3.981	1	4.223	09/09/2020	-24	184
Quantum Solar Park (Semenanjung) Sdn Berhad	10/34	A+	5.211	7	5.248	27/07/2020	-4	211
			<u>245</u>					

*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

Dialog Group Bhd plans to raise up to RM3 billion via perpetual sukuk to fund its investments, acquisitions, debt refinancing as well as working capital requirements. "The company has lodged an Islamic notes issuance programme of up to an aggregate amount of RM3 billion in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar with the Securities Commission [Malaysia]," it said in a bourse filing. The sukuk programme, which has a perpetual tenure, provides the group with the flexibility to issue senior Islamic medium term notes and/or subordinated perpetual Islamic notes, subject to the aggregate outstanding nominal amount not exceeding RM3 billion at any point in time. The senior sukuk Wakalah under the programme, it noted, has been accorded an initial rating of AA2 by RAM Rating Services Bhd, while the perpetual sukuk Wakalah has been accorded an initial rating of A1. Both ratings carry a stable outlook. Dialog said it may also use proceeds raised from the sukuk programme for capital expenditure, repayment of inter-company borrowings and general corporate purposes of the group or its subsidiaries, associates and joint venture companies. "AmInvestment Bank Bhd and CIMB Investment Bank Bhd are the joint principal advisers, joint lead arrangers and joint lead managers for the sukuk programme, while AmBank Islamic Bhd and CIMB Islamic Bank Bhd are the joint shariah advisers," it added. Dialog is a leading technical service provider in the oil, gas and petrochemical industries, according to its website. (Source: *The EdgeMarkets*)

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Dialog Group Berhad	Up to RM3 bil Senior Islamic MTN and up to RM3 bil Subordinated Perpetual Islamic Notes. These are combined under Dialog's proposed RM3 bil Senior Islamic Medium-Term Notes and Subordinated Perpetual Islamic Notes Programme	AA2/Stable and A1/Stable	Assigned

Source: RAM, MARC

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